

LABOUR / INTERVIEW

# “A Surgical Strike on Employment Guarantee”

Jean Drèze on the Modi government's new rural employment bill



COURTESY JEAN DRÈZE

HIRAL TRIVEDI



We're glad this article found its way to you. If you're not a subscriber, we'd love for you to consider subscribing—your support helps make this journalism possible. Either way, we hope you enjoy the read. Click to subscribe: [subscribing](#)

*“Harr haath ko kaam do, kaam ka pura daam do”—Work to every hand, and a fair wage for the work. This was one of the prominent slogans of the people's movement for the right to work, which eventually led to the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005. The act offered a minimum of a hundred days of employment to every rural household, and centred the building of public assets such as roads and waterworks. Hailed as one of the most important social-welfare legislations enacted by the United Progressive Alliance government, the act emerged from decades of activism and struggle. The MGNREGA affirmed economic dignity as a fundamental right. It aimed to hold the state accountable for providing dignified livelihood to its people, offering improved bargaining power to some of India's workers, famously drawing rural women into paid employment in large numbers. Over the years, the MGNREGA drew criticism from various quarters for implementation failures, especially delayed and low wages, corruption and administrative mismanagement.*

*In late 2025, the Narendra Modi government introduced a bill named Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin), or VB–GRAMG, Bill, 2025, to replace the MGNREGA. The new bill and the haste with which it was passed have been heavily criticised and opposed by many workers, scholars, activists and opposition parties, who have said that it threatens to leave rural labour vulnerable and the state unaccountable.*

*The economist, activist and writer Jean Drèze is one of the outspoken critics of the new bill. Drèze made contributions to the first draft of the NREGA. In conversation with Hiral Trivedi, an intern at The Caravan, he reflected on the history and legacy of the MGNREGA. He unpacked how the VB-GRAMG Act defeats the idea of an employment guarantee, what it means for rural labour, and more.*

**Could you tell us about your work and your journey with the MGNREGA? Why did you take this up, and what made you believe in this programme as a solution?**

I had a very practical experience of employment guarantee in the summer of 1980, just a few months after I came to India. There was a severe drought in western India at that time. I saw how open-ended public works saved people from starvation in Rajasthan. To learn more, I spent a week working on a drought-relief worksite near Manohar Thana in Jhalawar district. At that time, people could just turn up at a worksite and start working, without any formalities other than a simple registration. Wages were paid in cash on the spot, at the end of the week. This approach to drought relief was evidently quite effective.

One year later, Amartya Sen's book *Poverty and Famines* appeared, and I devoured it. There was a natural connection between his entitlement approach to famines and employment guarantee as a means of famine prevention. And it seemed to me that employment guarantee was also a promising form of social security.

That, briefly, is how my personal interest in employment guarantee developed. But it is an old idea, of course, going back at least to the 1970s, when Maharashtra showed the way with its own employment guarantee act. Employment guarantee has been a demand of the Indian labour movement ever since, and many organisations have campaigned for it over the years. Around the time when I was in Jhalawar [in Rajasthan], the Planning Commission was apparently working on a draft rural employment guarantee act for India. There were other false starts and dashed hopes later on. The idea was revived in a big way from 2001 onwards, when Rajasthan was in the grip of a severe drought again. Employment guarantee became a major demand of the Mazdoor Kisan Shakti Sangathan, the Akal Sangharsh Samiti and the Right to Food campaign, among other collectives. In the run-up to the 2004 Lok Sabha elections, rural employment guarantee suddenly became a real possibility.

Meanwhile, I had become an Indian citizen, and that enabled me to participate in this inspiring movement. But my role in it has been much exaggerated by the mainstream media. I did contribute to the first draft of the National Rural Employment Guarantee Act, as it was called at that time, but more as an editor than an architect.

**Looking back, how did the MGNREGA come to fruition as a national programme? What made it politically viable at that time? Can you reflect on the struggle and the process to draw up the act?**

The enactment of the MGNREGA was a bit of a political miracle, considering that there were powerful interests against it. When the campaign for a national employment guarantee act started gathering momentum, around 2002, nobody really expected this act to see the light of day in the near future. Even the fearless Brinda Karat [a leader of the Communist Party of India (Marxist)] once said, “*Yeh to kabhi nahin hoga*”—this will never happen.

Meanwhile, however, some senior Congress leaders warmed up to the idea of employment guarantee, for electoral reasons or otherwise. In April 2002, the idea was discussed at a conclave of Congress chief ministers in Guwahati. As the 2004 Lok Sabha elections approached, the Congress promised a rural employment guarantee act in its manifesto. The promise didn't seem to matter much, because the Congress was widely expected to lose the elections, and in those days, no one took electoral promises seriously in any case. As it turns out, the Congress did well in the elections and formed the United Progressive Alliance coalition, with the Left parties supporting from outside. The rural employment guarantee act became a cornerstone of the UPA's Common Minimum Programme. The Congress president Sonia Gandhi herself took the surprising view that “if we have promised it, we have to do it.”

These electoral developments, and the formation of the National Advisory Council in mid-2004 [a consultative body of scholars, activists and bureaucrats], created a space that enabled the proposal to make headway. A

whole year of public deliberations followed, involving social movements, workers' organisations, political parties, the government, and a Standing Committee of Parliament, among other institutions. It is only at the end of this long process that the revised and re-revised National Rural Employment Guarantee Bill received the unanimous assent of Parliament. This transparent and inclusive deliberation process stands in sharp contrast with the manner in which a bill repealing the MGNREGA was rushed through Parliament in December 2025.

Looking back, the entire process looks much freer and richer than we realised at that time. Today, some of it would be simply impossible. On 21 December 2004, for instance, Parliament Street [in Delhi] was full of bright banners with lakhs of signatures from all over India, asserting the demand for an employment guarantee act. Today, anyone agitating on Parliament Street is promptly packed off in a police van.

### **What role did the coming together of civil society play for the MGNREGA and how was it received among the beneficiaries?**

The employment guarantee movement was critical at every step. Without it, there would have been no employment guarantee act, except possibly for a toothless version. Remember, the National Rural Employment Guarantee Bill tabled in Parliament on 21 December 2004 was a very diluted version of the draft prepared by the National Advisory Council. For instance, it allowed the government to decide where and when the work guarantee applies. It took months of agitations and arguments to ensure that critical safeguards were reinstated. Social movements were even more important in the process that led to the preparation of this bill.

The fact that the first draft of the bill came from social movements also helped. When the government drafts a law of this sort, it always tries to keep control of everything and minimise its obligations. The VB-GRAMG Act is a prime example. The MGNREGA was different, because an effort was made to ensure that it holds the state accountable. The act was drafted from the standpoint of workers rather than the government. Some of the

critical ideas in this draft reflected the experience and the wisdom of rural workers themselves.

Regarding the reception of the MGNREGA among beneficiaries, as you call them, the act had wide appeal from the word go. Of course, Indian workers know better than to get excited when the government passes a law in their name. They know that securing their rights is a constant battle. But in the early years of the MGNREGA, the act did inspire many of them to fight that battle with energy and hope. In Jharkhand, where I live, some even lost their lives as they challenged corrupt contractors who were trying to capture the scheme. In recent years, unfortunately, workers' interest in the MGNREGA has been significantly sapped by chronic delays in wage payments, technical complications and other implementation issues.

### **Why was it important to frame employment as a legal right rather than as just a scheme?**

One reason is that it is easier for a law to survive changes in political dispensations. Schemes come and go, laws are more durable. Had employment guarantee been a mere scheme, I doubt that it would have lasted so long.

But there is another important reason. A scheme always remains at the discretion of the government. The idea of employment guarantee is to make it an obligation for the government to provide work on demand. Even within the framework of a law, this is not easy to achieve, because the government always tries to wriggle out. But legal entitlements give workers some bargaining power at least. A scheme does not serve that purpose.

### **Over the years, how was the MGNREGA able to empower rural workers and especially those further marginalised, like women?**

The MGNREGA empowers rural workers in different ways. For some, it is an escape from exploitative work conditions. Many bonded labourers, for instance, have used the MGNREGA as an escape from slavery. For others,

especially women, it is a rare opportunity to earn their own income in a dignified manner. For all workers, the MGNREGA contributes to higher wages and better work conditions by tightening the labour market.

Work on demand is an ideal, and the guarantee is not always real. But even when the MGNREGA is supply-constrained and relatively top-down, it has some empowerment effects of this sort. When the guarantee is real, these effects are magnified.

Another magnifying force is organisational work. Remember, the MGNREGA was always meant to be an organisational opportunity for the working class. The organisational process is very challenging, but it did happen in some places. It is an eye-opening experience to meet Dalit women who used to live submissive, home-bound, isolated lives and are now confident MGNREGA workers who know their rights and how to fight for them together.

**Why do you think the government was keen on replacing the MGNREGA? The prime minister had earlier called it a monument to the Congress's failures, but the government returned to the policy during COVID-19.**

Employers have never liked the MGNREGA, for obvious reasons, and the National Democratic Alliance government is on their side. Incidentally, the NDA government's attack on the MGNREGA in 2014–15 went much further than the prime minister's goofy statement. There was also a short-lived proposal to restrict the MGNREGA to selected districts, and after that, an attempt to impose expenditure caps on the states. For the first time, MGNREGA employment crashed by twenty-five per cent or so in that year. Later on, the NDA government grudgingly adopted this foster child, and even embraced it during the COVID-19 crisis. But I don't think it ever stopped looking for a chance to roll back the MGNREGA in one way or another. The VB-GRAMG Act is the culmination of this effort.

It is possible that the NDA government will try hard to make the VB-GRAMG work and project it as a success, in some states at least. But it is



very unlikely that the criteria of success will include taking employment guarantee forward. The success criteria are more likely to take the form of progress towards centrally-determined targets wrapped in a soup of acronyms.

**Elsewhere you had mentioned that there is nothing constructive in the new bill. Why do you believe so?**

What I meant is that I don't see any innovative provisions in this act that might help to address the MGNREGA's implementation issues. Some provisions actually make things worse. For instance, the central government has absolved itself of any responsibility for compensation of workers in the event of delayed wage payments. This is not going to help with payment delays—the bane of the MGNREGA.

There is an appearance of innovative provisions in the form of repeated insistence on the use of advanced digital technology, including biometric authentication and artificial intelligence. The word “digital,” in fact, appears 35 times in the act. But digital technologies are already being used with abandon in the MGNREGA, so there is nothing really new here. Further, these technologies have a very mixed record to say the least. Some of them, like Aadhaar-based payments, have been deeply problematic. There is a risk that the VB-GRAMG Act will reinforce counterproductive technocratic tendencies.

**Can you elaborate for our readers, what you have been calling the “switch-off” clause in the new bill and why do you believe it to be the worst part about it?**

Section 5(1) of the VB-GRAMG Act purports to state the core principle of employment guarantee: employment on demand, up to 125 days per rural household per year. However, it mentions that this guarantee applies “in such rural area in the State as may be notified by the Central Government.” In other words, the central government is allowed to switch the guarantee on and off at its own discretion. This defeats the purpose of employment

guarantee. Would you buy a parachute that opens by remote control from afar?

**What will the new financial allocation between the state and union governments look like under the VB GRAMG? How could this impact the fiscal relation between states and the union government?**

Under Section 22 of the VB-GRAMG Act, the central government reserves the right to set a so-called “normative allocation” for each state. This allocation is likely to be treated as a ceiling, because states have to bear all the costs beyond that. The normative allocations are supposed to be based on objective criteria, but of course, the central government gets to set the criteria. Within the normative allocations, costs are shared sixty-forty between the centre and most states.

There is a serious procedural issue here. How can the centre impose a massive, legally binding financial obligation on the states without serious consultation? And how can the centre have the power to set the VB-GRAMG wage rates without any obligation to contribute? What if the centre decides that Tamil Nadu does not require any financial support, and sets the VB-GRAMG wage rate there at Rs 3,000 per day? The unilateral imposition of this new financial framework violates the basic principles of federalism, and possibly also Section 258 of the Constitution.

On a more practical note, this new framework is likely to restrain employment generation. Poorer states may not always be able or willing to contribute 40 per cent of the normative allocation, let alone go beyond that. The new framework, and the complications it brings, are also likely to prolong, if not exacerbate, the problem of delayed wage payments. Employment guarantee has little meaning without timely and reliable payments.

**You have noted elsewhere that the 125-day ceiling is a red-herring. Why is that?**

The enhanced ceiling of 125 days is deceptive for two reasons. First, only two percent of households in rural India were getting a full 100 days of employment under the MGNREGA. When the ceiling is not binding, raising it makes no difference. Second, raising the ceiling is all the more cosmetic when financial restrictions pull the other way.

This enhanced ceiling is just a way of sweetening the pill. The government has used it very effectively to create an impression that the new act is an improvement over the MGNREGA, when in fact, it is a surgical strike on employment guarantee.

**Do you think this fits a pattern in how the government responds to acts such as the MGNREGA, the Right to Information Act, 2005 and the National Food Security Act, 2013, which have emerged from people's movements and activism?**

Yes, I think that there is quite a pattern around here. The right to information has been defanged, with more and more RTI queries drawing vague or vacuous responses. All entitlements under the National Food Security Act have been trivialised: child nutrition schemes have been defunded, maternity entitlements are being denied, and foodgrain rations are projected as a gift of the prime minister. The Right to Education Act is barely mentioned in the National Education Policy, and its provisions are ignored. Employment guarantee is now being reduced to a centrally-sponsored scheme at the discretion of the central government. Economic and social rights, it seems, stand in the way of public docility and cheap labour.

Thanks for reading till the end. If you valued this piece, and you're already a subscriber, consider contributing to keep us afloat—so more readers can access work like this. Click to make a contribution: [Contribute](#)

---

**HIRAL TRIVEDI** is a photo research intern at *The Caravan*.

MGNREGA

VB-GRAMG

rural employment

unemployment

Jean Dreze